



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 6
1445 ROSS AVENUE, SUITE 1200
DALLAS TX 75202-2733

Mr. Parker Wilson, Counsel
Office of General Counsel
Valero Asphalt Plant
One Valero Way
San Antonio, Texas 78249

June 15, 2017

Re: Corpus Christi Drinking Water Incident of December, 2016
March 8, 2017 Meeting with EPA and Valero

Dear Mr. Wilson:

Thank you for meeting with representatives of the Environmental Protection Agency ("EPA") at our office in Dallas, Texas on March 8, 2017. We found the meeting to be very helpful and informative concerning the events that led to the drinking water advisory ban imposed by the City of Corpus Christi, Texas in December of 2016. This letter is intended to memorialize our understanding of your presentation of information on behalf of the Valero Asphalt Plant facility ("Valero") in Corpus Christi, Texas. Of course, if there is anything in this letter that portrays a misunderstanding of your presentation, please do not hesitate to contact me for correction. At the meeting, you provided certain factual statements which this letter attempts to memorialize in the paragraphs below.

The Valero Asphalt Plant in Corpus Christi, Texas owns the property it is situated upon and leases a corner of it to Ergon Asphalt and Emulsions, Inc. ("Ergon"). Valero has provided a lease to Ergon's facility since 2005. Part of the lease agreement includes Ergon's obligation to pay Valero on a monthly basis for the use of water Ergon's facility uses.

Valero receives water from the City of Corpus Christi, Texas and receives and pays a monthly invoice/bill for the use of that water. The water meter that measures the amount of water used is situated on Valero's property. Also situated on Valero's property is a three-way connection of water pipes in which two water pipes branch out to Valero's facility while the third water pipe branches out to Ergon's facility. There is a separate water meter at Ergon's facility that measures the amount of water Ergon's facility uses. Ergon does not receive an invoice/bill from the City of Corpus Christi, Texas for the use of water. Instead, Valero handwrites to Ergon its portion of costs towards the water invoice/bill Valero receives from the City of Corpus Christi, Texas, and Ergon pays Valero its portion of the bill.

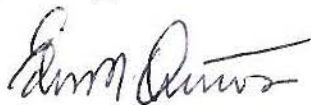
On three or four occasions, beginning in November 2016, employees at Valero's facility noticed an odor and/or discoloration or soapy consistency of the tap water coming out of the faucet. The odor had a chemical smell and, suspecting the source may have been from Ergon's facility,

Valero contacted the employees at Ergon's facility to inquire about it. Ergon's employees denied knowing the source or cause of the tap water's odor and discoloration, and the issue was forgotten when the tap water returned to its normal state shortly after letting the water run for a while, presumably flushing out whatever substance may have contaminated it. Two or three other similar instances occurred thereafter in December, with the last such instance occurring on December 12 or 13, 2016. Valero managed to take two samples from these occurrences and is currently storing the samples in two respective beakers pursuant to a state court-ordered preservation agreement.

When the last incident occurred in December, Valero employees notified the City of Corpus Christi, at which time the city sent one of its employees to investigate. During that investigation, the City and Valero discovered that a product from Ergon's facility, known as Indulin AA-86 and used as part of its manufacturing process, may have entered into its water line and traveled into one or both of the Valero facility's water lines. Part of the cause for this was due to the fact that neither the Ergon facility water line nor the Valero facility's two other water lines had backflow preventers. Immediately thereafter, Ergon and Valero installed backflow preventers to each of their three respective water lines. In addition, the City of Corpus Christi issued a city-wide drinking water advisory ban as a precaution while it investigated further. After numerous sampling results from throughout the city's drinking water system showed no detection of Indulin AA-86, the City of Corpus Christi lifted the drinking water advisory ban approximately three days after the advisory ban was issued.

The above illustrates a brief summary of our understanding of the information you shared with us during our March 8, 2017 meeting. We greatly appreciate the time and effort you and your colleagues put forth for the meeting. If you have any questions, or if you find any facts above to be incorrect, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Edwin Quinones", with a stylized, cursive script.

Edwin Quinones
Assistant Regional Counsel